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Approved For Release 2005/08/22 : CIA-RDP85T00875R001900020114-0

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CIA/DER/S-06172-74

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15 May 1974

MEMORANDUM FOR: Chief, East Asia Division, DDO

SUBJECT : Communist Aid to North Vietnam

1. The attachments respond to your request for information to pass to Mr. Richard M. Moose and Mr. Charles F. Meissner of the Senate Foreign Relations Committee staff. They both meet your stipulation for information at the SECRET level. For the reasons explained below, however, we would not recommend passing the writeup on petroleum; accordingly, the two issues have been treated separately and can be passed as independent memoranda.

2. The petroleum discussion only comes forward as far as the end of 1972 in any detail, although some general remarks are offered on 1973.


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4. You should also note that our data on economic and military aid to North Vietnam have been discussed with members of Congress and Secretary Kissinger. We have supported DIA with these series (for example, in their subsequent briefing of Moose and Meissner) and continue to discuss them with the Saigon Mission.

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Acting Chief
Southeast Asia Division

 15 May 1974 (S-6172)

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Estimates of Communist Aid to North Vietnam

Since the mid-1960s, the annual value of Communist economic and military aid to North Vietnam has ranged from \$800 million to \$1.3 billion (see attached table). The year 1972 was a recent high for military aid and low for economic aid because of war conditions and the mining of the ports. The 1972 relationship between these forms of aid was then reversed in 1973 as pressing food needs and reconstruction elicited greater shipments from Hanoi's allies and the ceasefire put an end to large-scale military actions.

We have no concrete evidence yet on the amount of military aid North Vietnam will receive during 1974, although shipments of military goods probably are continuing. In June 1973 Hanoi signed a military and economic aid pact with China for 1974 and in October signed an additional protocol on military aid. The protocol probably delineated the details of the agreement signed in June. Moscow signed an economic aid pact in July; no formal military aid agreement was announced.

It should be noted that combat levels in South Vietnam could rise substantially without requiring a concomitant rise in imports. Hanoi has large stocks of all major categories of military equipment and its forces could conduct major operations for an extended period before additional imports were required.

The amount of economic assistance to North Vietnam from other Communist countries in 1974 should continue the recovery begun in 1973. Commodity aid requirements thus far remain at

high levels and the pace of reconstruction activity should pick up. Much of the preliminary damage survey work has been completed, and Hanoi has formulated firm goals for various sectors of its economy. Moreover, shipping to Haiphong is expanding to pre-mining levels as dredging operations restore the port's capacity.

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Estimated Communist Aid to North Vietnam
1955-1973

Million US Dollar

| | <u>1955-64</u> | <u>1965</u> | <u>1966</u> | <u>1967</u> | <u>1968</u> | <u>1969</u> | <u>1970</u> | <u>1971</u> | <u>1972</u> | <u>1973</u> | <u>a/</u> | <u>Total</u> |
|--------------------------|----------------|-------------|-------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-----------|--------------|
| Economic Aid | <u>630</u> | <u>135</u> | <u>290</u> | <u>475</u> | <u>615</u> | <u>685</u> | <u>610</u> | <u>620</u> | <u>375</u> | <u>510</u> | | <u>4,945</u> |
| USSR | 235 | 95 | 160 | 235 | 305 | 385 | 345 | 320 | 210 | 200 | | 2,490 |
| PRC | 285 | 35 | 70 | 120 | 120 | 90 | 60 | 105 | 90 | 225 | | 1,200 |
| Eastern Europe and other | 110 | 5 | 60 | 120 | 190 | 210 | 205 | 195 | 75 | 85 | | 1,255 |
| Military Aid c/ | <u>140</u> | <u>365</u> | <u>610</u> | <u>830</u> | <u>530</u> | <u>315</u> | <u>190</u> | <u>285</u> | <u>610</u> | <u>295</u> | | <u>4,175</u> |
| USSR | 70 | 310 | 500 | 675 | 415 | 175 | 90 | 165 | 375 | 175 | | 2,950 |
| PRC | 70 | 55 | 110 | 155 | 115 | 140 | 100 | 115 | 230 | 115 | | 1,205 |
| Eastern Europe and other | NEGL | NEGL | NEGL | NEGL | NEGL | NEGL | NEGL | 5 | 5 | 5 | | 20b, |
| Total Aid | <u>770</u> | <u>500</u> | <u>900</u> | <u>1,305</u> | <u>1,145</u> | <u>1,000</u> | <u>800</u> | <u>905</u> | <u>985</u> | <u>805</u> | | <u>9,120</u> |
| USSR | 305 | 405 | 660 | 910 | 720 | 560 | 435 | 485 | 585 | 375 | | 5,440 |
| PRC | 355 | 90 | 180 | 275 | 235 | 230 | 160 | 220 | 320 | 340 | | 2,405 |
| Eastern Europe and other | 110 | 5 | 60 | 120 | 190 | 210 | 205 | 200 | 80 | 90 | | 1,275b, |

a/ Preliminary

b/ East European military aid in any single year prior to 1971 is negligible, but the cumulative value of \$5 million for 1965-70 is included in the totals.

c/ Military aid figures are based, where possible, on costs of comparable US weapons systems or alternatively on Soviet foreign trade prices.

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North Vietnam's Petroleum Imports

Petroleum continues to be a high-priority item in Hanoi's imports, as seaborne shipments from the USSR are supplemented by overland deliveries from China. Prior to the mining of the ports in May 1972, Moscow supplied most of North Vietnam's petroleum imports, mainly via tanker to Haiphong. According to official Soviet trade statistics, deliveries averaged more than 350,000 tons per year during 1968-71, as shown in the following tabulation:

| <u>Year</u> | <u>Thousand Tons</u> | <u>Million Rubles</u> | <u>Million US \$</u> |
|-------------|----------------------|-----------------------|----------------------|
| 1964 | 101.3 | 4.1 | 4.6 |
| 1965 | 121.0 | 4.8 | 5.3 |
| 1966 | 85.7 | 3.3 | 3.6 |
| 1967 | 214.4 | 8.1 | 9.0 |
| 1968 | 333.1 | 11.7 | 13.0 |
| 1969 | 349.5 | 13.2 | 14.7 |
| 1970 | 353.0 | 12.3 | 13.7 |
| 1971 | 375.3 | 12.8 | 14.3 |
| 1972 | 192.0 | 8.6 | 10.4 |

Following the mining of the ports and the consequent drop in Soviet tanker deliveries, the Chinese quickly moved to make up any shortfall in supply. At least two petroleum pipelines were constructed in 1972 from Ping hsiang, China, to the petroleum distribution center at Kep, northeast of Hanoi. While deliveries via pipeline are unknown, Hanoi presumably received most of its requirements from China while the ports were mined. Soviet tanker deliveries resumed following the January 1973 ceasefire agreement, but probably did not recover to pre-mining



levels because of the slow pace of dredging at Haiphong.
China almost certainly continued to make up any shortfalls.

